

Division of Securities  
Utah Department of Commerce  
160 East 300 South  
P.O. Box 146760  
Salt Lake City, Utah 84114-6760  
Telephone: 801 530-6600  
Facsimile: 801 530-6980

---

**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

---

---

**IN THE MATTER OF:**

**PRECISION MANAGEMENT  
ASSOCIATES, L.L.C.;  
GBC MANAGEMENT, L.L.C.;  
LANCE GARVIN; and  
MICAH BROOKS**

**Respondents.**

**STIPULATION AND CONSENT ORDER**

Docket No. SD-06-0003

Docket No. SD-06-0004

Docket No. SD-06-0005

Docket No. SD-06-0006

---

The Utah Division of Securities ("Division"), by and through its Director of Licensing, George Robison, and Precision Management Associates, L.L.C., GBC Management, L.L.C., Lance Garvin, and Micah Brooks ("Respondents") hereby stipulate and agree as follows:

1. Respondents are the subject of an investigation conducted by the Division into allegations that Respondents violated the Utah Uniform Securities Act ("Act"), Utah Code Ann. § 61-1-1, *et seq.*
2. In lieu of proceeding with a formal action, Respondents and the Division have agreed to settle this matter by way of this Stipulation and Consent Order ("Order"). If approved,

- the Order will fully resolve all claims the Division has against Respondents pertaining to this matter.
3. Respondents admit the jurisdiction of the Division over Respondents and over the subject matter of this action.
  4. Respondents waive any right to a hearing to challenge the Division's evidence and present evidence on Respondents' behalf.
  5. Respondents have read the Order, understand its contents and enter into this Order voluntarily. No promises or threats have been made by the Division, nor by any member, officer, agent, or representative of the Division, to induce Respondents to enter into this Order, other than as described in this Order.
  6. Respondents are represented by attorney William L.Fillmore and are satisfied with the legal representation they have received.

### **I. FINDINGS OF FACT**

The Division's investigation into this matter revealed:

#### **Respondents**

7. Precision Management Associates, L.L.C. ("PMA") is a Utah limited liability company which maintains its principal place of business in Cedar Hills, Utah.
8. GBC Management, L.L.C. ("GBC") is a Utah limited liability company which maintains its principal place of business in Cedar Hills, Utah.
9. GBC is the manager of PMA.
10. GBC is owned and managed by Lance Garvin ("Garvin") and Micah Brooks ("Brooks"); each owns 50% of GBC.

11. GBC owns more than 50% of the membership interests of PMA. This gives GBC control over PMA.
12. As the sole owners of GBC, Garvin and Brooks control PMA.

#### The Precision Fund

13. PMA acts as an investment fund (the “Precision Fund”), pooling money from investors to engage in various trading strategies. Money from investors is placed in “capital accounts” at PMA. The capital accounts are combined into the Precision Fund and invested.
14. Since March 2005, the Precision Fund has collected over \$1.5 million in investment monies from eleven investors.
15. Documents created by PMA and provided to investors claim that the investment interests being sold by PMA were being offered “in reliance on exemptions from registration provided in Section 4(2) of the Securities Act of 1933, as Amended (the “Securities Act”), and/or Rule 506 of Regulation D, promulgated thereunder, and certain exemptions from the registration requirements of applicable state laws, or certain other state laws, or certain other qualifications or clearances thereunder.”
16. This offering has not been filed with the SEC, which is a condition of Rule 506.
17. Respondents have not a) made a Rule 506 notice filing with the Division; b) registered their offering with the Division; or c) proven the existence of an exemption from registration.

#### Management of, and Investment Advice to, PMA

18. Documents created by PMA and given to investors describe how investor funds are managed. The Private Placement Memorandum (“PPM”), under the heading “Capital Accounts,” states: “the money in each Member’s Capital Account will be pooled with all other monies in the Capital Accounts of other Members of the Company, and all of the monies in all of the Capital Accounts of the Company will be invested as a single collective fund, under the direction of the Manager of the Company.”
19. These documents also describe how PMA’s operations are managed. The PPM, under the heading “Management of the Company,” states: “The Company [PMA] is a manager-managed LLC, and the current Manager of the Company is GBC Management, LLC . . . The Company’s day-to-day activities and all decisions relating to the investment of the money in the Company’s pooled Capital Accounts are made by the Manager [GBC] acting on behalf of the Company.”
20. PMA’s offering documents describe the “Investment Return and Management Fees” for the Precision Fund as follows: “the Manager will receive a Management Fee of twenty-five percent (25%) of the net profits in the pooled Member Capital Accounts, calculated and paid on a monthly basis.”
21. Since March 2005, GBC, as manager of PMA, has received over \$14,500 in compensation for its investment advisory services to PMA.
22. GBC acted as the investment adviser for PMA.
23. GBC was not licensed with the Division as an investment adviser.
24. GBC’s investment advice to PMA was provided by Garvin and Brooks. They acted as investment adviser representatives for GBC.

25. Garvin and Brooks were not licensed with the Division as investment adviser representatives.

## **II. CONCLUSIONS OF LAW**

26. Respondent GBC, as manager of the Precision Fund, acted as an investment adviser while not licensed, in violation of Section 61-1-3(3)(a) of the Act.
27. Respondent GBC employed Garvin and Brooks, who were not licensed investment adviser representatives, in violation of Section 61-1-3(4)(a) of the Act.
28. Respondents Garvin and Brooks acted as unlicensed investment adviser representatives, in violation of Section 61-1-3(3)(a) of the Act.
29. Because Garvin and Brooks were not licensed investment adviser representatives, it was a violation of Section 61-1-2(1)(c) of the Act for GBC to split fees with Garvin and Brooks.

## **III. ADMISSIONS BY RESPONDENTS**

30. Respondents admit the Division's findings.
31. Respondents represent that they inadvertently violated the Act as described above based upon a good faith differing interpretation of the terms "investment adviser" and "investment adviser representative."

## **IV. REMEDIAL ACTION/SANCTIONS**

32. Respondents represent that the Precision Fund has ceased trading activity that is not designed to protect current positions during the time between the resolution of this matter and the approval of their licensing applications. Respondents agree they will not open any new positions until they have complied with all of the requirements set forth in this Order.

33. GBC agrees to become licensed as an investment adviser before engaging in further conduct in the state of Utah requiring an investment adviser license, and has filed an application for such licensure with the Division.
34. Respondents Garvin and Brooks agree to become licensed as investment adviser representatives of GBC before engaging in further conduct in the State of Utah requiring an investment adviser representative license.
35. The Division acknowledges Respondents' full cooperation in resolving this matter and will not use this Order as grounds for denying Respondents' licensing applications.
36. Respondent PMA shall notice-file a Regulation D, Rule 506 offering of the Precision Fund with the Division within 30 days of the date of this Order.
37. Respondents GBC, Garvin, and Brooks shall return to all investors, regardless of investor acceptance or rejection of the rescission offer discussed in paragraph 39, below, by cash payment or credit to their investment accounts, all management fees/investment advisory fees Respondents received while acting in an unlicensed capacity, and shall provide proof of such payments to the Division.
38. Respondents shall jointly and severally pay a fine to the Division in the amount of \$5,000.00 to be paid in installments of \$1000.00 with the first payment to be made upon the filing of the Stipulation. The second payment shall be due April 30, 2006, the third payment August 30, 2006, the fourth payment December 30, 2006 and the final payment January 30, 2007.
39. Respondent PMA shall return to all investors who did not qualify under the standards set forth in Utah Administrative Code ("UAC") Rule R164-2-1(D) on the date of their

investment, all moneys paid by the investor, whether for the purchase of securities, sales commissions, or management fees of any kind, and shall offer rescission to all other investors in the Precision Fund. These actions shall be taken within 45 days of the entry of this Order. Investors who accept the rescission offer shall receive all moneys paid by the investor, whether for the purchase of securities, sales commissions, or management fees of any kind. The rescission offer shall remain open for a period of at least 30 days and shall be:

- a. registered with the Division, exempt from registration, or a federal covered security for which all required notice filings are first made with the SEC and the Division;
- b. accompanied by a cover letter, in a form not objectionable to the Division, that clearly identifies the offer as an offering of rescission, includes a copy of this Order, and references any other facts necessary to provide full disclosure of all material facts to the recipients. The summary shall provide cross-references to page numbers within the PPM where the relevant issues are discussed more fully;
- c. accompanied by a subscription document that gives the issuer reasonable assurance that each person electing to reject the offer of rescission meets the qualification standards of Rule R164-2-1(D) of the UAC. The portion of the form where the investor indicates his or her rejection of the offer shall be similar to the following:

I reject the offer of rescission, elect to retain my investment in the Fund,  
and certify to the Fund that I am a natural person or company that either,

(A) [ ] has at least \$750,000 under the management of GBC, and/or

(B) [ ] has a net worth of at least \$1,500,000.

The above language shall be accompanied, in bolded text, with a statement that investors who do not return this statement certifying they meet at least one of the two aforementioned standards will receive a mandatory redemption; and

- d. administered by counsel for PMA. Counsel shall send, by certified mail, the rescission offer PPM, cover letter, a copy of this Order, and subscription document to the investors and shall clearly indicate in such materials that all responses from investors, or questions in relation to them, are to be directed to counsel. Promptly at the conclusion of the offering, counsel shall provide to the Division:

- i. copies of all subscription documents completed by investors;
- ii. contact information for any investor who failed to respond to the offering, which shall briefly describe any efforts made to obtain a response from such investor; and
- iii. for those investors subject to mandatory redemption, proof that such redemption has been made.

39. Respondents shall comply with the requirements of the Act in all future business in this state.

## **V. FINAL RESOLUTION**



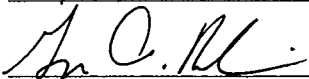
40. Respondents acknowledge that this Stipulation and Consent Order, upon approval by the Division Director, shall be the final compromise and settlement of this matter.

Respondents further acknowledge that if the Division Director does not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.

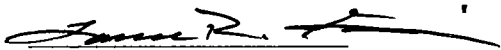
41. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third-parties may have against Respondents arising in whole or in part from Respondents' actions and that the Order does not affect any criminal cause of action that a prosecutor might bring.

42. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way.


Utah Division of Securities

Date: 2/9/06  
By:   
George Robison  
Director of Licensing

AK

Date: 2/6/06  
By:   
Precision Management Associates,  
L.L.C.

Its: MANAGING MEMBER

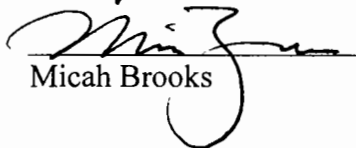
Date: 2/6/06  
By:   
GBC Management, L.L.C.

Its: MANAGING MEMBER

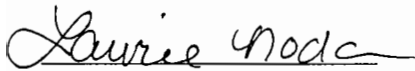
Date: 2/6/06

By:   
Lance Garvin


Date: 2/6/06

By:   
Micah Brooks

Approved:

  
Laurie L. Noda  
Assistant Attorney General

Approved:

  
William L. Fillmore  
Counsel for Respondents

### **ORDER**


Based on the foregoing, the Director hereby:

1. Enters, as its own findings, the Findings of Fact described in Section I, above.
2. Enters, as its own conclusions, the Conclusions of Law described in Section II, above.
3. Orders that:
  - a. Respondents pay a fine to the Division in the amount of \$5,000.00 to be paid in installments of \$1000.00 with the first payment to be made upon the filing of the

Stipulation. The second payment shall be due April 30, 2006, the third payment August 30, 2006, the fourth payment December 30, 2006 and the final payment January 30, 2007.

- b. Respondent GBC shall complete the application process to become licensed as an investment adviser in the state of Utah.
  - c. Respondents Garvin and Brooks shall initiate and complete the application process to become licensed as investment adviser representatives.
  - d. Respondent PMA shall notice-file a Regulation D, Rule 506 offering of the Precision Fund with the Division within 30 days of the date of this Order.
  - e. Respondents GBC, Garvin, and Brooks shall return to investors any management fees/investment advisory fees they received while acting in an unlicensed capacity, and shall provide proof to the Division of such payments.
4. Respondent PMA shall offer rescission and redemption as described in paragraph 39 above.
5. Respondents shall comply with the requirements of the Act in all future business in this state.

DATED this 10<sup>th</sup> day of February, 2006.



WAYNE KLEIN

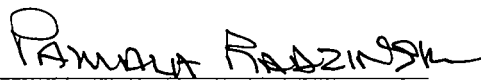
Director, Utah Division of Securities



**Certificate of Mailing**

I certify that on the 13th day of FEBRUARY, 2006, I mailed by regular mail, a true and correct copy of the foregoing Stipulation and Consent Order to:

William L. Fillmore  
Fillmore Spencer LLC  
3301 North University Avenue  
Provo, UT 84604

  
\_\_\_\_\_  
Executive Secretary